



# Central Brisbane River Water Supply Scheme

## Annual Network Service Plan

2015-16

# Contents

<b>Section</b>	<b>Title</b>	<b>Page</b>
1.	Introduction .....	3
2.	Scheme Details.....	3
2.1	Scheme background and context .....	3
2.2	Infrastructure details .....	3
2.3	Customers and water entitlements serviced .....	4
2.4	Water availability and use .....	4
2.4.1	Water availability .....	4
2.4.2	Water use .....	4
2.5	Water trading .....	5
2.6	Irrigation Customer Consultation .....	5
2.7	Customer service standards .....	6
3.	Financial Performance .....	6
3.1	Tariffs .....	6
3.2	Operating expenditure .....	6
3.3	Renewals .....	8
3.3.1	Asset Restoration Reserve.....	8
3.3.2	Renewals expenditure .....	8
3.3.2.1	2014-15 renewals .....	8
3.3.2.2	2015-16 forecast renewals.....	9
3.3.2.3	Asset management plan .....	10
3.3.2.4	Material planning period renewals .....	10

## 1. Introduction

This Network Service Plan (NSP) is a key component of Seqwater’s consultation with its customers and is intended to provide useful and helpful information.

Seqwater invites comments and suggestions on the content of this NSP. All submissions will be published on the Seqwater website along with Seqwater’s responses. Customers may provide feedback via email or post at the following addresses:

Email: [irrigators@seqwater.com.au](mailto:irrigators@seqwater.com.au)

Post: NSP Comments  
Seqwater  
PO Box 16146  
City East QLD 4002

## 2. Scheme Details

### 2.1 Scheme background and context

The Central Brisbane River Water Supply Scheme (the Scheme) is located along the Brisbane River between Wivenhoe Dam and Mt Crosby Weir. The Scheme was established in 1980 to enable irrigation of up to 1,000 ha within the area.

The Scheme is regulated under the Moreton Resource Operations Plan (ROP) which was issued in December 2009.

The water year runs from 1 July to 30 June.

The Scheme consists of one tariff group, “Central Brisbane River”.

### 2.2 Infrastructure details

The table below sets out the bulk water assets, owned and operated by Seqwater, that comprise the scheme.

**Table 1:** Bulk water assets

Dams	Weirs	Off-stream storages	Other bulk water assets
Wivenhoe Dam, Somerset Dam (included for water pricing purposes)	Mount Crosby Weir (not included in irrigation prices)	Nil	Wivenhoe Tail Water Weir Gauging stations

Source: Seqwater (2014)

## 2.3 Customers and water entitlements serviced

Within the Scheme, Seqwater supplies raw water to 122 customers holding medium priority water allocations and one customer holding a high priority water allocation. Seqwater also holds an allocation which it uses for supply into its water treatment plants to provide treated water to its customers. The following table sets out the ownership of water allocations in the Scheme.

**Table 2:** Schedule of ownership of water allocations

Water allocation owner	Number of customers	Medium priority WAE (ML)	High priority WAE (ML)
Irrigators	119	6,921	-
Ipswich City Council	1	65	-
Somerset Regional Council	1	15	-
Lowood and District Golf Club	1	40	-
Glamorgan Vale Water Board	1	-	250
Seqwater	-	-	278,750
<b>Total</b>	<b>123</b>	<b>7,041</b>	<b>279,000</b>

Source: Seqwater (2015)

## 2.4 Water availability and use

### 2.4.1 Water availability

The announced allocation determines the percentage of nominal water allocation volume that is available in each water year. The following table sets out the announced allocations since 2010-11.

**Table 3:** Announced allocations history

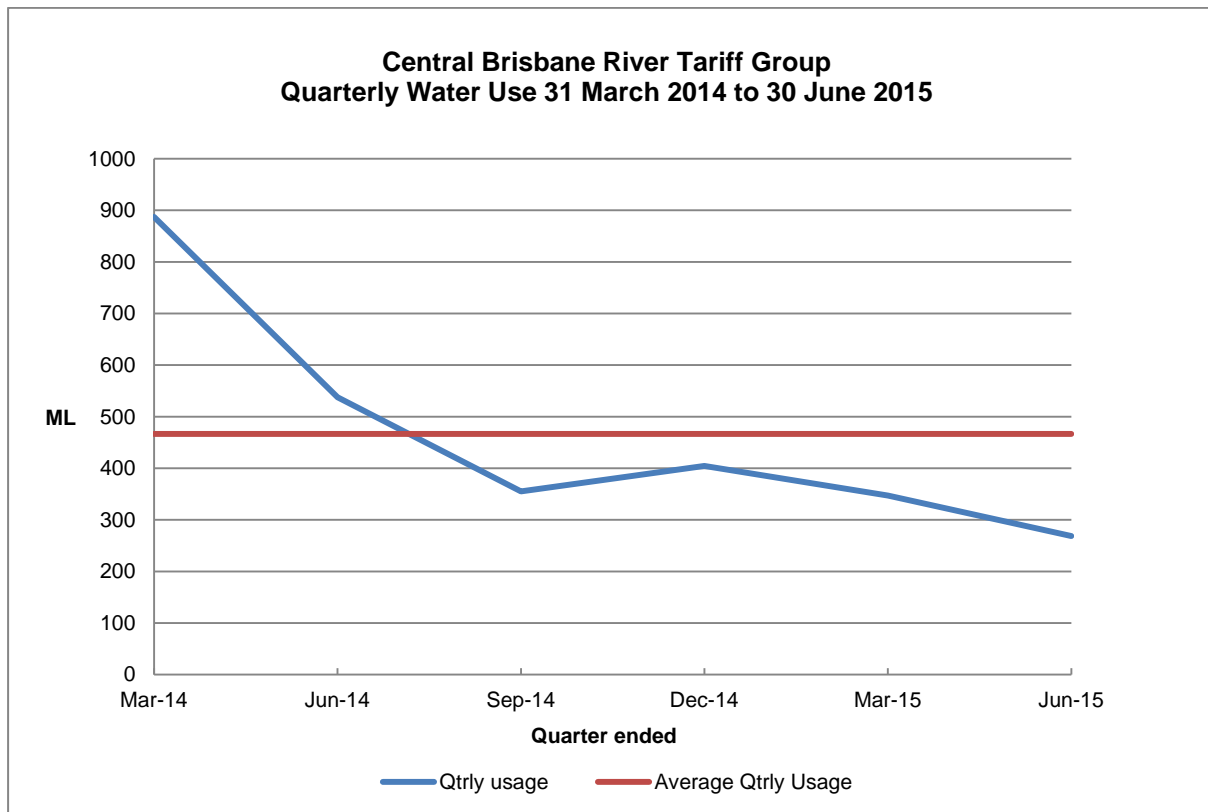
Priority	2010-11 (%)	2011-12 (%)	2012-13 (%)	2013-14 (%)	2014-15 (%)	2015-16 (%)
Medium	100	100	100	100	100	100

Source: Seqwater (2015)

### 2.4.2 Water use

Figure 1 below shows the quarterly water usage from the quarter ended 31 March 2014. Usage is based primarily on customer estimates of usage recorded on log sheets.

**Figure 1:** Quarterly scheme water usage from the January to March quarter, 2014



Source: Seqwater (2015)

## 2.5 Water trading

The following table sets out the annual volumes of temporary transfers between irrigation customers from 1 July 2008.

**Table 4:** Temporary transfers 2008-14

Priority	2008-09 (ML)	2009-10 (ML)	2010-11 (ML)	2011-12 (ML)	2012-13 (ML)	2013-14 (ML)	2014-15 (ML)
Medium	0	0	40	210	340	340	340

Source: Seqwater (2015)

It is important to note that, under the ROP, where two parties wish to enter into a temporary or seasonal transfer, both parties require a water meter unless the seller can demonstrate that they have no active water usage or extraction.

## 2.6 Irrigation Customer Consultation

Seqwater is committed to customer engagement as required under its Statement of Obligations. Customer engagement includes customer forums and web-based information.

Seqwater intends to hold information forums for irrigation customers on an annual basis. Topics will be concerned with the network service plan and operational matters. Attendance at customer consultation forums is open to all irrigation customers of the Scheme as well as other stakeholders. Seqwater may convene additional meetings on a needs basis.

Seqwater will publish the annual network service plan on its website by 30 September of each year. All customer or stakeholder submissions in relation to the network service plan will be published on Seqwater's website along with Seqwater's responses and decisions.

## 2.7 Customer service standards

No service standards (i.e. targets) have been developed for the Scheme. Seqwater intends to develop appropriate customer service targets in consultation with customers.

# 3. Financial Performance

## 3.1 Tariffs

The approved tariffs for the Scheme for the 2013-17 regulatory period are set out in Table 5.

**Table 5:** Water prices 2013-17 (Nominal \$/ML)

Tariff	2013-14 (\$)	2014-15 (\$)	2015-16 (\$)	2016-17 (\$)
Fixed (Part A)	15.11	17.54	20.08	22.73
Variable (Part B)	10.14	10.40	10.65	10.92

Source: QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

It should be noted that the fixed Part A tariff is charged quarterly in advance and the variable Part B tariff is charged on actual usage at the end of each quarter. Until water meters are installed, customers are required to advise water usage by means of recording self-assessed usage on log sheets during each quarter and to submit the log sheets to Seqwater at the end of each quarter.

## 3.2 Operating expenditure

Seqwater's forecast operating costs for the 2013-17 regulatory period are set out in the table below. These costs include both fixed and variable operating costs.

**Table 6:** Forecast operating costs for 2013-17 (\$Nominal)

Operating cost item	2013-14 (\$)	2014-15 (\$)	2015-16 (\$)	2016-17 (\$)
Direct operations	5,152,207	5,249,586	5,347,676	5,446,403
Repairs and maintenance	1,866,419	1,911,517	1,957,235	2,003,553
Dam safety	–	–	48,850	–
Rates	706,434	724,095	742,197	760,752
Consultation costs	7,175	7,354	7,538	7,727
Non-direct costs	4,424,474	4,495,352	4,566,528	4,637,955
<b>Total operating costs</b>	<b>12,156,709</b>	<b>12,387,904</b>	<b>12,670,024</b>	<b>12,856,930</b>

Source: QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

By way of comparison, the following table sets out Seqwater's budgeted and actual expenditure for 2014-15. The irrigation share of scheme costs, calculated in accordance with the Queensland Competition Authority's (QCA) *Final Report, Seqwater Irrigation Price Review 2013-17, Volume 2, Central Brisbane River Water Supply Scheme*, have also been set out.

**Table 7:** Operating expenditure for 2014-15 and operating budget 2015-16 (\$Nominal)

Operating cost item	2014-15			2015-16	
	Scheme Budget (\$)	Actual expenditure		Budget	
		Scheme (\$)	Irrigation (\$)	Scheme (\$)	Irrigation (\$)
<b>Direct operating costs</b>					
Electricity	184,507	150,755	2,412	189,120	3,026
Labour	3,088,955	2,356,696 (1)	37,707	3,150,671	50,411
Other direct operations	1,976,124	1,671,471	26,744	2,007,885	32,126
Repairs and maintenance	1,911,517	1,962,228	13,814	1,957,235	13,779
Dam safety	–	–	–	48,850	782
Rates	724,095	1,003,193 (2)	7,062	742,197	5,225
Consultation costs	7,354	– (3)	–	7,538	7,538
<b>Total operating costs</b>	<b>7,892,552</b>	<b>7,144,343</b>	<b>87,739</b>	<b>8,103,496</b>	<b>112,886</b>
<b>Non-direct operating costs</b>					
Operations	3,422,197	3,365,922 (4)	23,696	3,472,039	24,443
Non-infrastructure	346,727	294,402 (4)	2,073	349,900	2,463
Insurance	726,428	610,968 (5)	4,301	744,589	5,242
<b>Total non-direct costs</b>	<b>4,495,352</b>	<b>4,271,292</b>	<b>30,070</b>	<b>4,566,528</b>	<b>32,148</b>
<b>Total operating costs</b>	<b>12,387,904</b>	<b>11,415,635</b>	<b>117,809</b>	<b>12,670,024</b>	<b>145,035</b>

Source: Seqwater (2015); QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

- (1) Labour costs were below budget mainly as a result of staff being directed to other activities for which the scheme does not incur the costs.
- (2) Includes rates previously accounted for in indirect costs but which are now being reported separately.
- (3) Consultation costs are included in non-direct operations and are not accounted for separately.
- (4) Lower direct operating costs resulted in a lower allocation of non-direct operating costs.
- (5) The overall value of Seqwater's asset portfolio has increased. Consequently, the allocation of the portfolio insurance premium to scheme assets is lower.

## 3.3 Renewals

### 3.3.1 Asset Restoration Reserve

Prior to 1 July 2013, the Scheme did not have an Asset Restoration Reserve (ARR). Consequently, the opening balance as at 1 July 2013 is nil. The actual and forecast ARR balances for the period of the 2013-17 price path, on an irrigation share only basis, are set out in Table 8 below. In calculating the expenditure for each year, renewals expenditure was reduced by 56% for the flood mitigation component of the dams in accordance with the QCA's recommendation on page 51 of the *Final Report, Seqwater Irrigation Price Review 2013-17, Volume 2, Central Brisbane River Water Supply Scheme*. The headworks utilization factor of 1.6% was then applied to the reduced amount.

**Table 8:** Asset Restoration Reserve – irrigation share only (\$Nominal)

Asset Restoration Reserve	2013-14 Actual (\$)	2014-15 Actual (\$)
Opening Balance 1 July	–	3,254
Revenue – irrigation	3,715	7,329
Expenditure for year	-664	-83,848
Interest for year*	203	-4,557
Closing Balance 30 June	3,254	-77,823

Source: Seqwater (2015)

\* The interest rate for 2014-15 is based on the recommended weighted average cost of capital (WACC) of 5.72% post-tax nominal provided by PWC. Seqwater has adopted the equivalent pre-tax nominal WACC rate of 6.22%. Interest has been applied to the balance at 30 June 2015. Interest was applied for 2013-14 at the rate of 6.64% at June 2014.

### 3.3.2 Renewals expenditure

#### 3.3.2.1 2014-15 renewals

The following table sets out the renewals projects that were undertaken in 2014-15.

**Table 9:** Renewals projects 2014-15

Asset	Project scope	Budget (\$)	Actual (\$)	Irrigation share (\$)
Somerset Dam	Rebuild access road to eliminate safety issue	290,606	292,381	2,058
	Upgrade electrical brakes on sluice winches – carried over from 2013-14	–	1,644	12
	Replacement of generator fire suppressant	15,500	10,950	77
	New rest areas for boats	25,000	14,352	101
Wivenhoe Dam	Replace ACBs on main switchboard – final costs carried over from 2013-14	–	1,504	11



	Renew raw pump valve and pipework	62,744	66,543	468
	Renew crane control system	70,000	75,514	532
	Renew baulk winch	61,706	18,859	133
	Baulk head gate crane recertification	270,000	356,326 (1)	2,509
	New rest areas for boats	25,000	21,743	153
	Recertification of FM200 cylinders	12,000	9,165	65
Wivenhoe recreation water treatment plant	Replace clarifier – final costs carried over from 2013-14	–	1,644	12
	EIC works	30,249	10,736	76
Kirkleagh water treatment plant	Ladder replacement – final costs carried over from 2013-14	–	1,024	7
	Replace raw water pumps and cables	50,987	46,993	331
Somerset Dam recreation water treatment plant	Upgrade chemical storage area	55,280	51,312	361
Water supply scheme	Install customer water meters – preliminary works	250,000	76,944 (2)	76,944

Source: Seqwater (2015)

- (1) Some of the works for this project which were planned for and budgeted to be undertaken in 2015-16, were able to be brought forward and were undertaken in 2014-15 thus increasing the 2014-15 costs. The project will be finalised in 2015-16.
- (2) Finalisation of the installation of water meters has been delayed until 2016-17.

### 3.3.2.2 2015-16 forecast renewals

Renewals projects scheduled for delivery in 2015-16 are provided in the table below.

**Table 10:** Renewals projects for 2015-16 (\$Nominal)

Asset	Project scope	Budget (\$'000)	Irrigation share (\$'000)
Wivenhoe Dam water treatment plant	Replace Lumley Hill telemetry	18	*
	Upgrade water treatment plant	388	3
	Replace fence around sludge lagoons	10	*
Wivenhoe Dam	Repaint radial gate	600	4
	Overhaul right and left winch for gates 1, 2, 4, 5	288	2
	Recertification of baulk head gate crane	310	2
	Recertify and paint 3.2 tonne crane	156	1
	Refurbish the bulkhead gate including all rubber and seals	96	1
	Renew crane control system	80	1
Somerset Dam	Refurbish tunnels P and I	264	2
	Reinstall wiring of external lights to standard	36	*

Kirkleagh waste water treatment plant	Upgrade disinfection system	220	2
Kirkleagh recreation water treatment plant	Install sump pump high level alarm	12	*
Water supply scheme	Install customer water meters	550	550

Source: Seqwater (2015)

\* Value is less than \$500.

### 3.3.2.3 Asset management plan

In June 2014, Seqwater finalised a ten year asset management plan for the Scheme's assets. An expanded thirty year asset management plan is expected to be finalised in 2016. For the purposes of this network service plan, renewals estimates for the period of the ten year asset management plan ending in June 2024 have been used to replace the estimates previously provided to the Queensland Competition Authority (QCA) in April, 2012 for its review of the 2013-17 irrigation prices. Renewals estimates from July 2024 to June 2037 previously provided to the QCA have been retained until the thirty year asset management plan has been finalised at which time all future renewals estimates will then be based on a rolling 30 year plan.

### 3.3.2.4 Material planning period renewals

All future renewals projects in excess of \$2 million forecast to be undertaken in the planning period which is 2017-36 have been set out in table 11 below.

**Table 11:** Major projects exceeding \$2M for 2017-36 (\$Nominal)

Asset	Project scope	Year	Forecast cost (\$'000)
Wivenhoe Dam	Replace seismic monitoring instrumentation	2029-30	2,174
	Replace control building hydraulic pack	2034-35	2,254
	Replace high voltage power reticulation	2035-36	2,100
Somerset Dam	Replace structural walls, columns and beams – inlet screens and trash racks	2025-26	4,482
	Replace gantry crane steel superstructure	2025-26	3,579
	Replace precast concrete – inlet screens and trash racks	2025-26	2,996
	Replace bridge beams on service bridge	2035-36	3,918
	Replace bridge deck on service bridge	2035-36	2,146

Source: Seqwater (2015)